

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

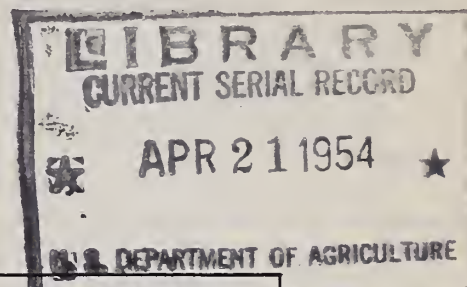
OFFICIAL BUSINESS

AMS--DPS-2-54
PERMIT NO. 1001

52R
The

DEMAND and PRICE SITUATION

WASHINGTON, D. C., MAR. 1954



Approved by the Outlook and Situation Board March 18, 1954

SUMMARY

Farmers' cash receipts from marketings in the first 2 months of 1954 totaled about 4.6 billion dollars, almost the same as a year earlier. Marketings were about the same as a year ago but prices received by farmers averaged a little lower. Farm product prices rose gradually in the latter part of 1953 then leveled off and in mid-February were about 2 percent below a year earlier. Prices paid by farmers including interest, taxes and wages averaged slightly above mid-February 1953. The parity ratio, at 91 in mid-February was down 3 points from a year earlier.

Consumer income after the new tax rate adjustment continued near record levels. However, as more workers were laid off and those employed worked fewer hours, personal income payments before tax deductions were reduced to a rate of 282.5 billion dollars in January, about 2 billion below December.

(Continued on page 3)

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1952	1953			1954	
		Year	Feb.	Nov.	Dec.	Jan.	Feb.
Industrial production <u>1/</u>							
Total	1947-49=100	124	134	129	126	125	123
All manufactures	do.	125	136	131	127	126	125
Durable goods	do.	136	155	146	142	140	137
Nondurable goods	do.	114	118	115	112	112	112
Minerals	do.	114	116	111	112	114	114
Construction activity <u>1/</u> #							
Contracts, total	1947-49=100	183	173	224	208	195	
Contracts, residential	do.	183	182	176	177	185	
Wholesale prices <u>2/</u> #							
All commodities	1947-49=100	112	110	110	110	111	110
All commodities except farm and food	do.	113	113	114	115	115	114
Farm products	do.	107	98	94	94	98	98
Processed foods	do.	109	105	104	104	106	105
Prices received and paid by farmers <u>3/</u>							
Prices received, all products #	1910-14=100	288	264	249	254	259	258
Prices paid, interest, taxes, and wage rates	do.	287	281	277	278	282	282
Parity ratio		100	94	90	91	92	91
Consumers' price <u>2/</u> <u>4/</u> #							
Total	1947-49=100	114	113	115	115	115	
Food	do.	115	112	112	112	113	
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	249.9	263.3	269.0	267.2	265.2	
Production worker pay rolls <u>2/</u> #	1947-49=100	135.3	149.3	145.7	144.0	138.9	
Weekly earnings of production workers <u>2/</u> #							
All manufacturing	Dollars	67.97	71.17	71.60	71.96	70.92	70.71
Durable goods	do.	73.04	77.15	76.73	77.52	76.40	76.00
Nondurable goods	do.	60.98	62.88	63.73	64.06	63.53	63.80
Employment							
Total civilian <u>6/</u>	Millions	61.3	60.9	61.9	60.8	*59.8	*60.1
Nonagricultural <u>6/</u>	do.	54.5	55.6	55.3	55.3	*54.5	*54.3
Agricultural <u>6/</u>	do.	6.8	5.4	6.7	5.4	* 5.3	* 5.7
Government finance (Federal) <u>7/</u>	Million						
Income, cash operating	dollars	5,950	6,267	5,396	5,339		
Outgo, cash operating	do.	6,082	5,754	6,258	6,294		
Net cash operating income or outgo	do.	-132	513	-862	-956		

Annual data for the years 1929, 1932 and 1935-52 appear on page 26 of the April 1953 issue of the Demand and Price Situation.

1/ Federal Reserve Board. Construction activity revised to 1947-49 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics; to convert prices received and prices paid, interest, taxes, and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Index of change in prices of goods and services purchased by city wage-earner and clerical-worker families to maintain their level of living. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1952 are on average monthly basis.

Revised series. * Based on new sample covering a larger number of sampling areas.

CONTENTS

	<u>Page</u>		<u>Page</u>
Summary	1	Wheat	14
General Business Conditions .	4	Fruit	15
Commodity Prices	8	Commercial Vegetables	16
Farm Income	10	Potatoes and Sweetpotatoes .	17
Livestock and Meat	11	Dry Beans and Peas	17
Dairy Products	12	Cotton	17
Poultry and Eggs	12	Wool	18
Fats, Oils and Oilseeds	13	Tobacco	19
Corn and Other Feed	14		

Continued from page 1

Total retail sales in February, after adjustment for seasonal variation, increased a little from January largely because of a pick-up in sales of automobiles.

Meanwhile the trend in general economic activity continued gradually downward in January and February with industrial output and employment declining slightly. However, construction activity held at near-record levels and businessmen apparently are carrying out previously announced first quarter plans for little change in capital outlays for new plant and equipment. Government expenditures for goods and services are running somewhat below the final quarter of 1953 reflecting smaller outlays for national security programs and possibly some reduction in other Federal spending.

The decline in industrial production in February reflected a cutback in output of automobiles and a further moderate decline in steel production. Output in the nondurable goods industries was maintained during the month. Business sales, both manufacturing and retail, declined a little in early 1954 and inventories were further reduced. However, inventories continue relatively high compared to sales, especially for durable goods. Manufacturers' new orders for durable goods were sharply reduced in January continuing the decline which began last spring.

Reflecting reduced production, employment in nonagricultural industries declined more than usual in January and February. However, agricultural employment increased seasonally in February. Unemployment rose fairly sharply in December, January and February.

Indexes of commodity prices at both retail and wholesale levels have been very stable in recent months despite the down trend in economic activity. Wholesale prices of all commodities in early March averaged about the same as a month earlier and were less than 1 percent above March 1953. Average prices of farm products, foods and industrial products also changed little over the month and were near year-ago levels.

Farm output is likely to continue relatively high in 1954 if weather conditions are average and farmers carry out March 1 planting intentions. The intended acreages for spring wheat and potatoes are well below 1953, corn and tobacco are almost as large, and sizable increases are indicated for most of the small grains, soybeans, dry beans and peas, and sugar beets.

Commodity Highlights

Livestock slaughter and meat output continue slightly below last year. Cattle slaughter is higher and hog slaughter lower than a year ago. Prospective livestock slaughter indicates that meat animal prices will be maintained fairly well during the next few months. More hogs are in prospect for the last half of 1954 and cattle slaughter will rise seasonally. Milk production is continuing at record-high levels and may reach 124 billion pounds this year, about 3 billion above 1953. Prices for milk have declined so far this year and are likely to be reduced further when lower supports become effective April 1. Market prices of eggs in mid-March were below a year earlier and are likely to continue so for the next few months. Prices for edible oils and linseed oil moved upward from February to March probably reflecting the increase in soybean prices and tight commercial supplies of these oils. Market prices for feed grains were relatively stable during February and early March. Prospects for limited supplies of corn in commercial channels will be a strengthening influence on prices. Wheat prices in early March reached the highest level of the season continuing a rise since last October. Large quantities under price support programs were largely responsible. Winter wheat prospects were generally good on March 1 except in the dry Southwest. Supplies of Florida oranges and grapefruit remaining to be marketed during late winter and spring are somewhat larger than a year ago but those of California Navel oranges are moderately smaller. Remaining cold storage stocks of pears and frozen deciduous fruits and berries are larger than a year ago. However, demand for fruit is expected to hold up well. Prospective supplies of fresh vegetables for the spring market are not greatly different from a year earlier. Commercial stocks of frozen vegetables and most major canned vegetables in storage are larger than at the same time in 1953. Prices received for old 1953 crop potatoes continue far below a year earlier. Acreage indicated for early commercial potatoes is well below a year ago. The average market price for Middling 15/16 inch cotton has been above the loan since January 10 this year, and in recent weeks there has been some movement of cotton from under price support. Grower prices for the 1953 shorn wool clip are estimated at 54.7 cents per pound, grease basis, slightly above prices for 1952 clip. Imports of wool last year totaled 295 million pounds, clean basis, about 20 percent below 1952. Demand for most kinds of tobacco is expected to be firm during the coming year. The number of cigarettes consumed may be a little lower but with a continued trend toward the "king size", leaf requirements may be nearly the same.

GENERAL BUSINESS CONDITIONS

Industrial output and employment declined moderately during January and February. A further sharp drop in new orders received by manufacturers of durable goods continued the decline which began in the spring of 1953. Despite the reduction in employment, total consumer income after taxes was maintained near record rates in early 1953. Sales were fairly steady in January and February at levels moderately lower than a year earlier. With reduced output, a further liquidation of inventories occurred in early 1954. Construction outlays held up well but some decline in Government expenditures for goods and services was indicated for January and February.

Consumer Income
and Spending

Consumer incomes after taxes continue near record levels even though total income payments have declined with the drop in employment. Income payments in January were at an annual rate of 282.5 billion dollars, down 2 billion from December. This decline reflects primarily the reduction in wage and salary disbursements by private industry. Contributions for social insurance are one of several deductions from national income in the computation of personal incomes. Thus the rise in social security contributions on January 1 also contributed to the decline in personal income payments. Proprietors' and rental incomes and income from interest and dividends changed little over the month. With the reduction in Federal personal income taxes on January 1 this year, income after taxes was a little above December. In February employment declined a little further and income payments probably continued to fall off slowly. The length of the workweek and hourly earnings changed little from January to February.

Consumer Buying
Steady

With income after taxes continuing high, consumer buying has been fairly well maintained. Although a pick-up in sales of automobiles contributed to a small gain in total retail sales in February, retail sales were fairly stable in January and February, after seasonal adjustment, at levels moderately below late 1953 and a year earlier. Durable sales were down from the closing months of 1953 largely because of reductions for the automotive group. Although production schedules for automobiles were reduced somewhat in January and February, output exceeded sales and stocks of new cars rose to record levels, nearly double a year earlier.

Seasonally adjusted sales by furniture and appliance dealers held up well in January and February, averaging a little above the last quarter of 1953. Sales by nondurable goods stores were maintained near rates in the last months of 1953. Apparel sales were somewhat higher, after seasonal adjustment, but food sales were down a little.

Consumer credit outstanding dropped by 771 million dollars during January to 28.1 billion by the end of the month. Most of the decline in noninstallment credit was due to the seasonal decrease in charge accounts. The drop in installment credit was largely due to seasonal influences but the January decline of 363 million dollars compares with an increase of 167 million in January 1953 and more moderate declines in the same month of 1951 and 1952.

Construction Activity
Continues High

Outlays for new construction rose slightly from January to February after adjustment for seasonal factors. Private residential building, highway construction, and most types of private nonresidential building

declined less than seasonally. Public school, hospital, and sewer and water facilities construction rose contraseasonally. Decreases last month were about seasonal for privately owned public utilities, but were more than usual for stores, military installations and conservation and development work. Private construction outlays in the first 2 months of this year were up 5 percent from those months of a year ago. Commercial construction was up nearly one-half and other nonresidential construction a fifth, but industrial building was down more than a tenth. Public construction was 4 percent below a year earlier, despite an increase of 18 percent in educational building.

Construction costs in general have shown little change in recent months. The Department of Commerce composite construction cost index in January was about 1 percent above a year earlier. Wage rates in the construction industry were up about 11 percent from a year ago. Among the building materials, lumber prices declined during most of 1953 and in January were about 3 percent below January 1953. But prices of most other building materials increased last year.

The value of construction contract awards declined substantially during the last months of 1953. But the seasonally adjusted index for January was a little above January 1953 both for total contract awards and for residential construction.

Industrial Output
Slightly Lower

Industrial production continued gradually downward in February. The Federal Reserve Board's index stood at 123 percent of the 1947-49 average, down $1\frac{1}{2}$ percent from January and about 10 percent from the high in mid-1953. Combined output of durable goods was down 2 percent from January after adjustment for seasonal factors. Most of the decline was due to reduced output of automobiles and steel. In addition, output in the machinery and metal fabricating industries declined from the January rate.

Nondurable production was maintained in February as textile, apparel and leather products showed about the usual pickup. Activity in the petroleum and chemical industries was maintained. Paper output also continued strong, but paperboard production declined moderately.

Manufacturers' Orders
Sharply Lower

Manufacturers' new orders in January were off 8 percent from December, after adjustment for seasonal differences, reflecting a drop of 16 percent for durables. The reduction for durable goods continued the decline from the peak last May--an overall drop of 39 percent. Substantial cuts in new orders have occurred in the primary metal, machinery and equipment, transportation equipment and other heavy

industries. At least a part of these reductions are associated with the tapering off in defense activities. New orders for nondurable goods in January were down around 2 percent from December and about 6 percent from the high in the spring of 1953.

Manufacturers' deliveries continued to decline slowly in January. After seasonal adjustment, durable goods sales were down 1 percent and nondurable sales 2 percent from December. Sales by manufacturers in January were about 10 percent below the peak of last July. This decline was due in large measure to a drop of 15 percent for durable goods industries with deliveries of primary metals off more than 30 percent. Nondurable sales were down about 5 percent from July.

With the cutbacks in production, manufacturers' seasonally adjusted inventories declined about 300 million dollars in January, a considerably more rapid rate than in the last quarter of 1953. But with reduced deliveries, manufacturers stocks-sales ratios still continued high particularly for durable goods.

Employment Declines Further

Employment estimates by the Bureau of Labor Statistics indicated a drop of 2 million workers in nonfarm employment from December to January and a continued decline in February. The seasonal cutback in retail activity and construction were responsible for a large part of the drop from December to January. However, manufacturing employment fell off more than usual in January and February as the downtrend in factory employment continued. Nearly all manufacturing groups registered declines in the first two months of the year which were more than seasonal. Largest declines from December to February, after adjustment for seasonal variation, were reported for ordnance, tobacco manufacture, textile mill products, primary metals, electrical machinery and transportation equipment. Manufacturers of food showed the only increase in employment from December to February.

Unemployment Rises

In February the civilian labor force increased by nearly 900 thousand. Nonagricultural employment declined slightly, but agricultural employment rose as usual. Considerable unemployment developed in the first two months of 1954. The new labor force sample reported over 3 million workers unemployed in January, and this total rose to 3.7 million in February compared with 1.8 million in February 1953. Unemployment in February represented 5.8 percent of the civilian labor force, which compares with 7.6 percent of the civilian labor force in February 1950 when 4.7 million workers were unemployed, a postwar high. In response to employment cuts, initial claims for unemployment insurance through February this year were 74 percent above a year earlier and the total number of weeks of unemployment claimed was up about 82 percent.

The New Labor Force Sample

In January new estimates of the labor force, employment and unemployment were released by the Bureau of Census. These estimates were based on a new sample which, like the old sample, contains 25,000 households but they are distributed over 230 sample areas compared with 68 formerly. The new sample estimated January employment about the same as the old one. But the new labor force estimate was some 700,000 larger and the estimate of unemployment was increased to around 3 million, a gain of more than 700,000 over the old sample. In February the old sample showed an increase in unemployment of about 1 million over January while the new sample reported an increase of 600,000. With these increases the level of the estimate of unemployment in the 2 samples was more nearly equal, and most of the difference can be attributed to sampling variability. The estimates of employment continued to be about the same in each sample.

COMMODITY PRICES

Commodity prices at both the wholesale and retail level have averaged very stable in recent months despite the general decline in economic activity.

The wholesale price index for all commodities in early March was about the same as in early February and was less than 1 percent above March 1953. Prices for farm products averaged a little above early February and also March last year. Prices of other than farm and food products eased very slightly during February and in early March were only slightly above March 1953. While there were many price gains and declines for individual commodity groups in recent months, they were generally small.

The index of 22 basic commodity prices increased a little in February, but in early March was about 2 percent below a year earlier. Average prices for livestock and products and textiles and fibers declined slightly over the month. Prices for fats and oils, foodstuffs, and metals were somewhat higher. Changes from a year earlier were substantial for most major groups: metals were down nearly a fourth, raw industrial products about 12 percent and textiles and fibers 3 percent. On the other hand, the livestock and

Table 1.- Indexes of wholesale prices, selected groups
March 9 with comparisons

Group	(1947-49=100)					
				March 9, 1954		
	Mar. 9,	Feb. 9,	Mar. 10,	percentage change from		
	1954	1954	1953	Feb. 9,	Mar. 10,	
				1954	1953	
<u>Wholesale prices</u>						
All commodities	110.6	110.5	109.9	.1	.6	
Farm	99.1	98.2	98.4	.9	.7	
Food, processed	104.9	104.7	105.4	.2	-.5	
All other than farm and						
food	114.3	114.4	113.3	-.1	.9	

products and the fats and oils group, averaged more than a fifth higher and food stuffs were up 15 percent from a year earlier. Reduced economic activity, short supplies of hogs and coffee and reduced commercial supplies of several farm products figured prominently in the above changes.

Farm Product Prices Steady

Prices received by farmers in mid-February averaged about the same as in January at a level 2 percent below February 1953. Lower average prices during the month for commercial vegetables, fruits, dairy products, poultry and eggs offset price gains for meat animals, cotton and wheat.

The crop index was off 1 percent over the month due primarily to a drop of 14 percent in prices of commercial vegetables as favorable weather increased supplies. The fruit index fell 5 percent largely because of lower prices for strawberries as supplies increased. Prices of dry field peas were down 14 percent from January and declines were reported for dry edible beans and potatoes. However, price increases for cotton and some grains as commercial supplies became more limited approximately offset the declines.

Livestock product prices were unchanged on the average. Meat animal prices averaged higher as marketings continued to decline seasonally. But these gains were offset by reduced prices for dairy and poultry products.

Central market prices of major agricultural products in early March apparently averaged a little below mid-February. Price declines were indicated for slaughter steers and barrows and gilts at Chicago and for eggs, potatoes, barley and rye. Central market prices of corn, wheat and cotton in early March were about the same as in mid-February. But higher prices were indicated for soybeans, flaxseed, and slaughter cows.

Prices paid by farmers including interest, taxes and wages continued at 282 percent of the 1910-14 average in February, 1 index point above a year earlier. The parity ratio (ratio of prices received to prices paid by farmers) slipped one point over the month and at 91 in mid-February was 3 points below a year earlier.

Prices paid for production items rose a point from mid-January due primarily to higher prices for feed and petroleum products. Prices of feeder livestock were unchanged over the month as higher prices for feeder lambs, hogs, and chicks and poults offset a decline in feeder cattle prices.

Average prices paid for items used in family living were unchanged from January to mid-February. At 271 percent of the 1910-14 average, the index was at a high for February and about 2 percent above a year earlier. Higher prices for coffee and cereal products in February were offset by small reductions for most other types of food. Clothing prices were steady; auto supplies averaged a little higher and household supplies and furnishings declined slightly.

Table 2.- Indexes of prices received and paid by farmers,
February 1954 with comparisons

(1910-14=100)

Group				February 15, 1954	
	:Feb.15,	:Jan.15,	: Feb. 15,	percentage change from	
	: 1954	: 1954	: 1953	: Jan. 15,	: Feb. 15,
				: 1954	: 1953
All farm products.....	258	259	264	1/	- 2
Crops.....	237	240	249	- 1	- 5
Food grains.....	236	233	241	1	- 2
Feed grains and hay.....	208	207	214	2/	- 3
Cotton.....	258	254	256	2	1
Tobacco.....	443	420	424	5	4
Oil-bearing.....	269	268	287	2/	- 6
Fruit.....	210	222	203	- 5	4
Commercial vegetables....	233	271	275	-14	-15
Potatoes, sweetpotatoes and dry edible beans...	141	145	251	- 3	-44
Livestock and products.....	277	277	277	0	0
Meat animals.....	315	309	305	2	3
Dairy products.....	267	274	284	- 3	- 6
Poultry and eggs.....	208	213	206	- 2	1
Wool.....	298	293	290	2	3
Prices paid, interest, taxes and wage rates.....	282	282	281	0	2/
Family living items.....	271	271	266	0	2
Production items.....	255	254	261	2/	- 2
Parity ratio.....	91	92	94	- 1	- 3

1/ Less than 0.5 percent decrease.

2/ Less than 0.5 percent increase.

The consumer price index for urban families rose slightly in January (the latest month) and was near the record level of last fall and 1 percent above January 1953.

FARM INCOME

Farmers received around 1.9 billion dollars from marketings in February, about the same as in February 1953 but down seasonally from January. The decline of 25 percent from January was partly the result of fewer marketing days in February. Average prices in February were down very slightly from January, and 2 percent below a year ago. Receipts

from livestock in February were about 1.2 billion dollars, 12 percent below January and nearly the same as in the corresponding month of 1953. Crop receipts in February totaled around 0.7 billion dollars, down sharply from January but about the same as a year ago. Marketings of nearly all major crops were down seasonally.

Total cash receipts for the first 2 months of 1954 were 4.6 billion dollars, only slightly below last year. Marketings totaled about the same as a year ago, but prices averaged slightly lower. Crop receipts of 2.0 billion dollars and livestock receipts of 2.6 billion were both nearly the same as last year.

LIVESTOCK AND MEAT

Total livestock slaughter and meat output continue slightly less than last year with cattle slaughter higher but hog slaughter smaller. Cattle slaughter will increase seasonally and this fall may be no larger than last fall provided there is no extended drought. The reduction in steer numbers and only a slight increase in calves on hand this January will tend to restrict total cattle slaughter. Marketings of grass cattle, particularly cows, will be seasonally larger in the fall. The supplies of fed cattle are expected to hold up well during the rest of the year because of the substantial numbers of cattle placed on feed this past winter. Shipments of feeder cattle into 9 Corn Belt States were up 7 percent from last year in January, and were twice the rather small shipments in February last year. An increase in hog slaughter is expected this fall as a result of the 6 percent increase in spring farrowings planned by farmers.

Based on the slaughter in prospect, prices of most meat animals will likely be well maintained during the next few months. Prices of cows and of feeder and stocker cattle will probably decline seasonally beginning sometime this spring and may average not greatly different this fall than last. As marketings of fed cattle are likely to be more uniform by months this year than in 1953, prices are expected to continue fairly stable. Prices for the upper grades of fed cattle are not expected to reach the lows of the spring of 1953.

Hog prices will continue relatively high this summer. They are expected to undergo more than their usual seasonal decline this fall, but will probably remain favorable to producers. Large overall declines are more likely in 1955 than this year. The extent of declines then will depend on how much farmers expand production in response to present above-average hog-corn price ratios. Reduced marketings will give strength to sheep and lamb prices during the next few months. Prices this fall will decline seasonally and will be influenced by the price of cattle.

DAIRY PRODUCTS

Prices for milk have declined seasonally from January to early March, 14 cents per 100 pounds for milk used in fluid distribution and possibly around 20 cents for milk used in manufacturing. The price paid by dealers for fluid milk in March was lower than a year earlier by 30 cents per 100 pounds, or 6 percent. The price paid by condenseries was lower by around 7 percent. Prices for milk in both categories will adjust downward further on April 1, or in case of fluid milk in some markets on May 1.

To help maintain prices of manufacturing milk until the new support level goes into effect and to permit more orderly distribution of dairy products, the USDA has modified its purchase operations during the remainder of March. It will permit offering of Cheddar cheese and nonfat dry milk solids before USDA grade certification is completed, and it will allow sellers immediately to contract to repurchase in April their offerings of dairy products during the remainder of March at the April sales prices. Also, certain packaging requirements for cheese have been altered.

The total reduction in prices of manufacturing milk because of lowering of supports will be around 35 cents per 100 pounds or 10 percent. This reduction is less than the 63 cent reduction in support level since farmers received less than 90 percent of parity in the year which ends March 31. The reduction for fluid milk in those markets where prices paid by dealers are based on manufacturing milk or prices of manufactured dairy products will be 35 to 45 cents per 100 pounds. In some other fluid milk markets in which prices are based on other factors, declines have occurred over the past year and reductions in next few months will be no more than 10 to 25 cents per 100 pounds. In some markets, prices of fluid milk will not decline at all.

Retail prices for fluid milk are unlikely to decline more than one cent per quart in any market because of drop in supports. In some markets, there will be no decline. In the case of manufactured dairy products, retail prices will decline a little over 10 percent for butter, with lesser declines for other items.

Some increase in consumption of dairy products appears likely as a result of lower retail prices and continued growth in population. However, production of milk this year may total as much as 124 billion pounds, compared with the record 121.2 billion in 1953. The annual rate for the past 3 months has been at 129 billion pounds and a continued large output is indicated for March.

POULTRY AND EGGS

The seasonal decline in egg prices that occurs early in the year came later than usual in 1954. Prices remained quite steady in January and the first part of February, probably because the rise in the rate of lay per bird from January 1 to February 1 was smaller than usual. In late February, however, prices declined sharply and by mid-March were 6 to 9 cents below a year earlier in several markets.

With egg production the next few months likely to be above 1953, prices are likely to continue below a year earlier. Nevertheless farmers probably will raise more pullets for laying flock replacement than last year, because the present returns from egg production are favorable, particularly in comparison with many alternatives. So far this season, the hatch of chicks for flock replacement has been larger than in 1953.

Hatchings of broiler chicks in recent months have also been ahead of last year, despite the slump in broiler prices which began in November in some areas, and that had spread over the Nation by December. While broiler prices by early March had risen several cents above their extreme lows of December, the 23 cent (Georgia) and 22 cent (Del-Mar-Va) prices reported on March 9 from important producing areas were considerably below the respective 26.6 and 23.3 cent average of broiler prices there for 1953.

Turkey hatchings are also at a very high rate, much above farmers' January intentions to raise 6 percent more heavy-breed turkeys than last year, and 9 percent more light-breed turkeys. The large number of turkey breeders available indicates that turkey hatchings through the spring will exceed the 1952 record. Growers and processors sold 6 percent of the 1952 crop to the Government's surplus removal program.

FATS, OILS AND OILSEEDS

Prices of edible oils and linseed oil moved upward from February to March while prices of other major oils showed little change.

Higher prices for edible oils probably reflect the rise in soybean prices and the realization that commercial supplies of these oils will be "tight" the remainder of the current marketing year. As of March 10, tenders of 1953 crop cottonseed oil to CCC totaled 341 million pounds, crude basis, equivalent to about 17 percent of the estimated outturn from the crop. This oil is not available to domestic users except at prices about 2 cents above current market quotations. Total disappearance of inedible tallow and greases continues high enough to keep stocks well below a year ago, despite a record output. Exports are at a record level and domestic disappearance is higher than a year ago.

Soybean prices in early March rose to the highest level since July 1948, reflecting the small crop, record exports and a high domestic crush. Flaxseed prices, which are below support, are moving upward. Crushings probably are increasing compared with the first half of the crop year (July-December 1953). Even if commercial holdings of flaxseed and linseed oil are reduced to a minimum, considerable quantities placed under price support programs may be redeemed and sold commercially to meet requirements for oil. The present increase in linseed oil prices probably reflects this tightening in commercial supplies of flaxseed and linseed oil.

CORN AND OTHER FEED

Market prices of feed grains were comparatively stable through February and early March, while prices of soybean meal and some of the other protein feeds advanced. In early March the price of corn at Chicago was about the same as a year earlier, soybean meal, tankage, and meat scraps were substantially higher, while terminal market prices of most other feeds remained below those of a year earlier. In recent weeks the price of soybean meal has been high relative to most other feeds and, with supplies relatively short, prices probably will continue comparatively high until new-crop meal becomes available this fall.

The average price received by farmers for corn has ranged from 17 to 27 cents below the national average support price since the beginning of the 1953-54 marketing year. Through February 15 farmers had placed 292 million bushels of 1953 corn under price support. In addition, around 525 million bushels of old corn remained under loan or in CCC ownership. Farmers have until May 31 to place 1953 corn under price support. Present indications are that much of the corn on hand this spring and summer will be held under the price support program, which will have a strengthening influence on corn prices. Prospects for the 1954 crops will have an important influence on prices of the other feed grains during the next few months.

Under a resale program announced by the Department of Agriculture in early March, a storage payment in line with the 1954 Uniform Grain Storage Agreement rates will be paid farmers who resale their 1953-54 crop feed grains.

WHEAT

Wheat prices reached the highest levels of the season in early March, continuing the advance which started in early October. The large quantities of 1953 wheat placed under the support programs, together with quantities of old wheat owned by CCC, have greatly reduced the supply in regular channels of trade. Mid-February prices received by farmers averaged \$2.06, 15 cents below the national average loan of \$2.21. Since mid-February market prices have advanced further.

Through the end of January, 550 million bushels of 1953-crop wheat had been placed under support programs. On March 4 the CCC owned 430 million bushels of wheat from previous harvests. Also, about 7 million bushels of 1953 wheat had been resold.

Allowing 15 million bushels for redemptions so far this season, approximately 972 million bushels of wheat are now held under price support programs. This total is in excess of the probable carryover next July. This suggests that prices will have to advance sufficiently to induce farmers to sell their purchase-agreement wheat or redeem wheat from under loan, if minimum working supplies are to be available.

March weather may be an even more significant factor than usual in the survival and development of fall-sown grains, pasture and hay crops. Winter wheat prospects were mostly good on March 1, except in the dry Southwest. High winds in the latter third of February raised damaging dust storms in southwestern Kansas, southeastern Colorado, northeastern New Mexico and the Panhandles of Texas and Oklahoma. These blew out some wheat, cut the leaves or covered some, with damage heaviest in sandy and light soils and to late-sown and small wheat. Growers quickly took emergency measures to check the soil-drifting. Much of the damaged wheat has a chance to survive if rains come to settle the soil and promote growth. On the other hand, recurring dry windy weather could cause severe acreage losses. In other parts of the Great Plains, wheat is in satisfactory to excellent condition. In the Pacific Northwest and most other northern portions, fields had snowcover during most of the cold waves. With mild February weather, plants have greened up across most of the northern half of the country and in some portions made good growth. In many fields stands have thickened as previously ungerminated seed sprouted and grew. A winter wheat crop of 750 million bushels was indicated as of December 1.

FRUIT

Supplies of Florida oranges and grapefruit remaining to be marketed during late winter and spring are somewhat larger than a year ago, but those of California Navel oranges are moderately smaller. Remaining cold-storage stocks of apples are about the same as a year ago, while those of pears are much larger.

In early March, grower prices for western apples and Florida oranges and grapefruit were running somewhat under prices of a year earlier. Prices for western pears on the New York and Chicago auctions also were under a year ago. But auction prices for California oranges and lemons were averaging considerably higher. Over the next few months, prices for California oranges probably will continue higher than in the same time of 1953, mainly because of smaller production. But prices for Florida oranges and grapefruit and western pears are likely to continue lower as a result of larger crops. However, some increase in price of Florida Valencia oranges is probable this spring after these oranges reach greater maturity and become more suitable for processing. Furthermore, Valencias, which are preferred for processing as well as for fresh use, usually bring higher average prices than other oranges.

Exports of a number of fresh and processed fruits have been larger during the early part of the 1953-54 season than in the same part of 1952-53. Exports of fresh grapefruit during November 1953-January 1954 were about 21 percent larger than a year earlier and those of fresh oranges were about 9 percent heavier. Exports of fresh pears during July 1953-January 1954 were about 3 percent above those of the same months in the previous marketing season. But exports of fresh apples were 11 percent smaller. Imports of apples during July-December 1953 were down nearly one-fifth. Early-season exports of canned and concentrated

orange juice, canned grapefruit juice, and canned blended citrus juices are running heavier than a year earlier, while those of raisins and dried prunes are lighter. Exports of fresh pears, fresh and processed oranges and grapefruit, and raisins are being assisted by Government payment programs. Moreover, exports of fresh oranges and grapefruit and canned grapefruit, cling peaches, and apricots to the United Kingdom will be made through procurement authorizations of FOA.

Output of frozen orange concentrate in Florida through March 6 of the 1953-54 season was about 34.8 million gallons, about half again as much as a year earlier. The pack of canned citrus juices was about 3 percent larger, and that of canned sections was 8 percent larger. Stocks of canned citrus juices held by Florida packers on March 6, 1954 were about 11 percent larger than a year previously. Although the indicated movement of frozen orange concentrate to consumers has been running somewhat heavier during early 1953-54, especially in January 1954, than in the same part of 1952-53, stocks held by packers, mostly in Florida, were about one-fifth larger on March 1, 1954 than a year earlier.

Cold storage holdings of frozen deciduous fruits and berries (excluding juices) were approximately 25 percent larger on March 1, 1954 than on that date in 1953. Stocks of strawberries, the largest item in storage, were 7 percent larger, and those of cherries were 71 percent heavier than the unusually low stocks of a year earlier. The 1954 crop of strawberries in the early spring States (Louisiana, Alabama, and Texas), which is marketed mostly during late March and April, is expected to be 25 percent larger than the 1953 crop.

COMMERCIAL VEGETABLES

For Fresh Market

Prospective total supplies of fresh vegetables for the early spring market are about 8 percent smaller than those of a year earlier. By crops, larger supplies than a year earlier are expected for early spring asparagus, carrots and shallots, but smaller early spring supplies are indicated for broccoli and lettuce, and substantially smaller for onions. The general level of prices for fresh market truck crops probably will be near the level of a year earlier. Prices for onions and cabbage probably will be higher this spring than they were in the winter.

For Commercial Processing

The Department's Production Guides for processing crops suggest an aggregate planted acreage 5 percent less than last year and 4 percent less than the 1947-51 average. With normal abandonment and average yields, such an acreage would result in total production 8 percent less than in 1953 but 4 percent more than the 1947-51 average. Commercial stocks of frozen vegetables and most major canned vegetables in storage are larger than a year earlier.

POTATOES AND SWEETPOTATOES

Prices received by farmers for old 1953 crop potatoes continue far below a year earlier. Old crop potatoes are expected to continue in surplus supply throughout the spring months. Prospective acreage of commercial early potatoes in late spring harvest areas this year is about 129 thousand acres, compared with 165 thousand last year and 164 thousand acres average for 1943-52. Prices for new potatoes have recently halted their decline, and in light of the smaller supplies in prospect compared to a year ago, are expected to average somewhat higher than a year earlier for the spring season.

Prices received by farmers for sweetpotatoes are expected to rise slightly and seasonally in the next month or two, but probably will continue below the level of prices of a year earlier.

DRY BEANS AND PEAS

Prices received by farmers for dry beans declined slightly over the month ending mid-February to \$8.00 per cwt., about 7 1/2 percent below a year earlier. Except for a little pick-up in October and November, prices of dry beans have trended downward since mid-1953 compared with a general rise for the same period of the 1952-53 marketing season. Prices received by farmers for dry peas dropped sharply from January to February and were about one-fourth lower than a year earlier. Little prospect for improvement in prices of either dry beans or peas is seen for 1954.

The Department has announced that 1954-crop dry edible beans will be supported at a national average price of \$7.24 per hundred pounds, contingent upon availability of sufficient Commodity Credit Corporation funds. This level of support is equivalent to 80 percent of the February 15, 1954 parity price for all dry beans, and may be compared with the average support price of \$7.79 per hundred pounds for the 1953 crop, based on 87 percent of the December 15, 1953 parity price.

COTTON

The average 10-spot market price for Middling, 15/16 inch cotton at the 10-spot markets on March 17 was 34.27 cents per pound. This compares with 33.44 a year earlier and with the average loan rate at the 10-spot markets of 32.99 cents for the same quality cotton. The market price has been above 34 cents per pound since February 9. From August 27, 1953 to January 11, 1954, the average price for Middling 15/16 inch cotton was below the loan rate. Because of the rise in cotton prices and a decline in fabric prices, the mill margin for the amount of gray goods (average for 17 constructions) obtainable from a pound of cotton declined in February to the lowest point since August 1952.

Stocks of cotton held by the Commodity Credit Corporation (owned, in producers' pools, and pledged as collateral against loans) reached a peak of 8.4 million bales on February 12. Since that date such stocks have decreased slightly and on March 12 they were 8.3 million. If by next August stocks held by the Commodity Credit Corporation were at the March 12 level, free stocks would only be about 1.5 million bales. This would not provide adequate stocks for cotton merchants and mills. Consequently, CCC stocks are expected to decline further by the end of the season.

The minimum CCC loan rates for the 1954 crops of upland and extra-long staple cotton were announced on March 3. The minimum rate for Middling, 7/8 inch cotton will be 31.25 cents per pound, compared with 30.80 cents for the 1953 crop. The average minimum rates for extra-long staple cotton will be 65.25 cents per pound. Included in the extra-long staple rate is 65.53 cents per pound for American-Egyptian and 56.22 cents for Sea Island and Sealand cotton, compared with 74.52 and 56.22 cents, respectively, for the 1953 crop. The loan rates for upland and extra-long staple cotton are 90 percent of their respective February parity prices. The parity prices were 34.72 cents per pound for upland cotton and 72.5 cents per pound for extra-long staple cotton.

WOOL

Prices of most wools in foreign and domestic markets in mid-March were slightly lower than a month earlier. The declines for most domestic wools at Boston were about 5 cents per pound, clean basis. Growers' prices for shorn wool at mid-February averaged 53.1 cents per pound, grease basis, the same as a month earlier but slightly higher than a year earlier.

Prices received by growers for the 1953 shorn wool clip are estimated to have averaged 54.7 cents per pound, grease basis, 1.6 cents above the national average support level under the 1953 program and 0.5 cents above the average for the 1952 clip. The President has announced that no action is being taken under section 22 to increase the tariff on wool in view of the new wool price support program involving incentive payments that is being considered by Congress.

The Commonwealth Economic Committee estimates that world consumption of wool last year totaled about 2.60 billion pounds, clean basis, about 11 percent more than in 1952 and compared with estimated production during 1952-53 of 2.49 billion pounds and the production forecast for 1953-54 of 2.50 billion pounds. Substantial increases in consumption occurred in most of the major consuming countries, ranging up to 29 percent in the United Kingdom. Mill use of apparel and carpet wool in the United States, 486 million pounds, scoured basis, was up about 4 percent.

The average weekly rate of apparel wool consumption in the United States in January of this year was about 11 percent above that of December but was 33 percent below that of a year earlier.

Total United States imports of wool last year, 295 million pounds, clean basis, were about 20 percent below the year before. Imports of dutiable wool, 166 million pounds, were down about 33 percent, but imports of duty-free wool, 129 million pounds, were up 8 percent.

Production of shorn wool in the United States last year is estimated at 230.3 million pounds, greasy shorn basis, and of pulled wool at 41.0 million pounds, pulled basis. The shorn wool estimate is about 2 million pounds lower than that for 1952, but the pulled wool estimate is about 7.4 million pounds higher. The clean yield equivalent of combined output last year probably was between 3 and 4 percent higher than for 1952.

TOBACCO

Demand for most kinds of tobacco is expected to be firm during the year ahead. The number of cigarettes consumed may be a little lower but with a continued trend to "king size," the leaf requirements may be nearly the same. Tax-paid removals of cigarettes for domestic consumption in the first quarter of 1954 may fall below the very high first quarter of 1953. Cigar and snuff consumption is expected to be nearly the same in 1954 as in 1953. Use of chewing tobacco seems likely to continue its gradual downward drift while use of smoking tobacco, after dropping around one-tenth from 1952 to 1953, may level off in 1954. Exports of unmanufactured tobacco in calendar 1954 are expected to be a little less than in 1953, but favorable compared with most postwar years. Procurement authorizations for tobacco under the Mutual Security Act of 1953 have been approved for the United Kingdom, West Germany, and Finland thus far. The Act authorizes using limited funds for sale and exports of agricultural commodities and the acceptance of payment in local currency under certain conditions.

Practically all of the 1953 crop of tobacco has been marketed except for Maryland tobacco. Maryland tobacco auctions will probably begin around mid-May. The level of price support for the 1953 crop of Maryland is 50.4 cents per pound. Last year when the 1952 crop was sold, prices averaged 49.1 cents. The season average prices for flue-cured and Burley were between 4 and 5 percent above 1952. Drought conditions affected quality to a marked extent in some flue-cured, fire-cured, and dark air-cured tobacco producing areas, and prices averaged below a year ago in those cases. Prices for Kentucky-Tennessee fire-cured (types 22-23) and for Kentucky-Tennessee air-cured (types 35-36) averaged 14 and 20 percent below last season. Most 1953 cigar tobacco brought higher prices than a year earlier. Pennsylvania filler and the Connecticut Valley binder types were indicated about 7 to 15 percent above a year earlier. In Wisconsin, prices of type 54 averaged around 30 percent above the very low 1952 crop average and prices of type 55 rose about 10 percent from a year ago.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

OFFICIAL BUSINESS

AMS-DPS-3-54
Permit No. 1001